

Jordan, Sheron Y

From: Dawn Ruggles [druggles@vacfcu.com]
Sent: Friday, March 20, 2009 2:29 PM
To: _Regulatory Comments
Subject: "Dawn L. Ruggles - Comments on Advanced Notice of Proposed Rulemaking for Part 704"

March 20, 2009

National Credit Union Administration

RE: Credit Union response on Advance Notice of Proposed Rulemaking for Part 704

Corporate Credit Union Restructure

As one of the natural person credit unions referred to in your letter 09-CU-02 that has supported the corporate credit union system as well as derived numerous benefit from their system, services and the staff/employees that provide their services I offer my comments to what I hope will be a total credit union positive response to your request for comments on the restructuring of the Corporate System.

VAC Federal Credit Union belongs to two corporate credit unions, Southwest Corporate in Texas and Louisiana Corporate in Louisiana. My primary Corporate is Southwest Corporate as they accomplish for VAC the following services: Share Draft Processing, Deposit Processing, ACH Origination and receipt, Automated Settlement, Wire Transfer-Domestic and International, Securities Safekeeping, Investment Services and ALM Services. Louisiana Corporate provides Coin & Currency and Investment Opportunities. VAC does not wish to deal with commercial banks but rather rely on our corporate for all financial services.

As a small Credit Union in this big picture our need for our corporate system is critical for us to maintain the level of business and services we pass on to our members. It is imperative that we have the opportunity just as our members do with VAC as their credit union to ensure the fundamental cooperative principles of members' rights and choice. We believe that these basic fundamental credit union principles should be left in tack. Our need for corporate services as a credit union that knows the value of and has used the services of the corporate system remains the same as when we begin offering more than just the initial share account and loan. With advanced opportunity to offer investment accounts as well as make investments it is imperative that we have access to qualified investment advise within our credit union family and the corporate we belong to have always provided that source of information and trusting relationship we look for in a partner to accomplish our credit union's goals.

It would be too difficult a challenge and a drastic disruption in member service should the corporate services have to be replaced. In reference to Payment Systems, services from Corporate Credit Unions are critical to all natural person credit unions and need to be maintained as part of core services.

In reference to Structure: U.S. Central should not continue in its current form as a wholesale structure as there is too much concentrated risk with too few members to provide capital and assume the risk of ownership but rather it should be allowed to evolve overtime to a new role as a CUSO to corporate credit unions.

In response to Field of Membership: Member credit unions should ultimately determine any corporate restructuring, national field of membership should be maintained and allow credit unions to decide how many corporate credit unions to join and capitalize.

For Corporate Governance, members should be allowed to elect the board of corporate credit union from their own natural credit union members and not be from the outside nor paid for volunteer services. No term limits or qualification standards should be imposed for board members.

Liquidity and Liquidity Management should remain a core service however broaden CLF capabilities and permanently raise statutory limits to the maximum allowable as well as strengthen liquidity practices to preserve options for credit unions that use the corporate services for their liquidity needs.

On Permissible Investments and Expanded Investment Authority, recommend that corporate credit unions maintain the ability to diversity and provide investment options to credit unions such as VAC as a core service and hedge balance sheet risk, maintain use of derivatives transactions with additional capital requirements, no wholesale changes are needed. With response to Credit Risk Management, use credit ratings after there is a market reform that has taken place, restricting sector and obligor concentrations. Make tighter concentration limits, ratings should not be the sole criteria for the purchase of any security. Additionally, ALM testing is best practice and is already being done by Southwest Corporate so that there is constant monitoring and credit unions such as VAC FCU rely on these models and testing capabilities to help us with our monthly operations and be able to respond to the market and economy.

Thank you for requesting and allowing natural person credit unions to comment on this extremely important issue for the future of not just the Corporate System but I believe the credit union industry as a whole.

Respectfully,

Dawn L. Ruggles

President/CEO

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